Strattec

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August 26, 2026

Q4 FY2026 Financial Results Conference Call

Nasdaq: STRT

Safe Harbor Statement

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Certain statements contained in this presentation contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as "anticipate," "believe," "could," "expect," "intend," "may," "planned," "potential," "should," "will," and "would." Such forward-looking statements are inherently subject to many uncertainties in the Company's operations and business environment. These uncertainties include general economic conditions, in particular, relating to the automotive industry, consumer demand for the Company's and its customers' products, competitive and technological developments, customer purchasing actions, changes in warranty provisions and customer product recall policies, work stoppages at the Company or at the location of its key customers as a result of labor disputes, foreign currency fluctuations, the impact of U.S. trade policies, tariffs and reactions to the same from foreign countries on costs and customer demand, matters adversely impacting the timing and availability of component parts and raw materials needed for the production of our products and the products of our customers and fluctuations in our costs of operation. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are only made as of the date of this press presentation and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances occurring after the date of this presentation. In addition, such uncertainties and other operational matters are discussed further in the Company's quarterly and annual filings with the Securities and Exchange Commission.

Use of Non-GAAP Financial Metrics and Additional Financial Information

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, Strattec provides Adjusted Non-GAAP information as additional information for its operating results. References to Adjusted Non-GAAP information are to non-GAAP financial measures. These measures are not required by, in accordance with, or an alternative for, GAAP and may be different from similarly titled non-GAAP financial measures used by other companies. Strattec's management uses these measures to make strategic decisions, establish budget plans and forecasts, identify trends affecting Strattec's business, and evaluate performance. Management believes that providing these non-GAAP financial measures to investors, as a supplement to GAAP financial measures, will help investors evaluate Strattec's core operating and financial performance and business trends consistent with how management evaluates such performance and trends. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

The Company has provided reconciliations of comparable GAAP to non-GAAP measures in the supplemental slides of this presentation.

Strattec FY2026

Fourth Quarter & Fiscal Year Highlights

Transformation Delivering Results

- Improved earnings power against industry fluctuations and FX headwinds
- Fiscal 2026 adjusted EBITDA of $50.5 million, 8.7% margin up 100 bps y/y

Positioning Strattec for Future Programs

- Better than expected Q4 sales at $151.8 million and FY26 sales of $579.4 million
- Portfolio focused on Permission, Motion and Hold: safety centric products
- Shifting to more strategic and broader based customer engagement

Operational Discipline Strengthens Margins

- Gross margin of 15.6% in the quarter and 16.5% for the fiscal year
- Measurable improvements from lower cost structure, improved operating efficiencies and investments in talent and equipment
- Adjusted EBITDA of 7.7% for the quarter and 8.7% for fiscal year

Consistent Strong Cash Generation

- Generated $9.7 million in the quarter and $46.3 million in cash for the year
- Returned $7.4 million to shareholders through previous share repurchase program and the Board authorized a new $40 million buyback plan

($ in millions)

Transforming Strattec: Building a Better Business

Execute Plan to Deliver Value

- Continued strong cash generation through improved profitability and disciplined execution
- Generated $9.5 million of annualized cost savings since initiating program in 2H FY25 with 6-month payback

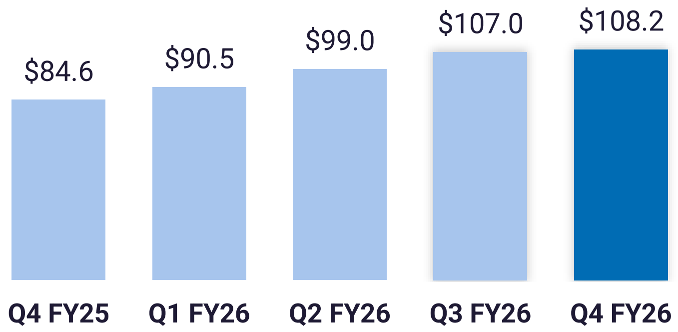
Driving Operational Performance

- Consolidated test lab in Auburn Hills
- Investing in upgraded equipment and assembly automation
- Implemented tools and technology solutions for commercial pipeline management, financial consolidation, benefits enrollment and expense reporting

Innovation, Collaboration and Accountability

- Launched organizational culture pillars to move faster, work more effectively and deliver greater value to our customers
- Rewards and recognition program recognizes team members that demonstrate the values in action

Cash Balance Supports Strategic Initiatives

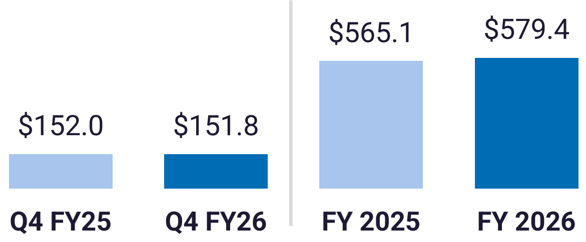


- $108.2 million cash balance and no debt
- Liquidity enables transformation and organic investments, provides cushion for industry dynamics, opportunistic share repurchases and supports an M&A strategy to build scale and diversification

($ in millions)

Established Customers & Diverse Products

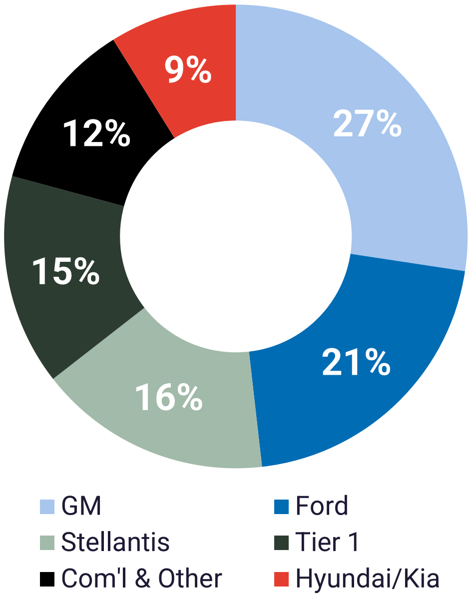
Q4 & FY 2026 Net Sales



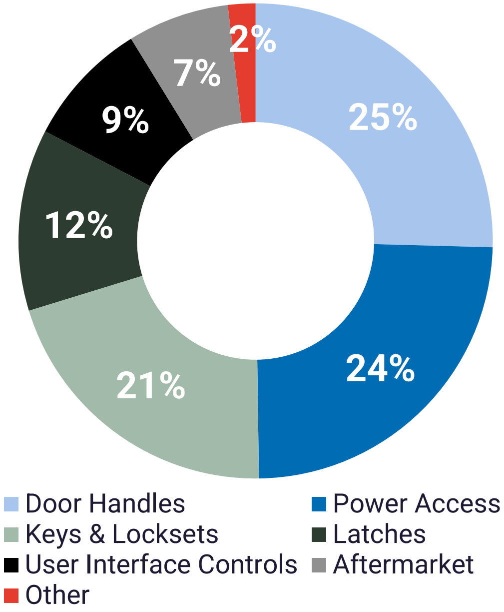
Q4 FY26 net sales flat with prior year period

+ $1.4 million of pricing benefits
+ Detroit 3 OEMs auto production up 1.9%
– $3.2 million in EV program cancellations

FY 2026 Sales by Customer



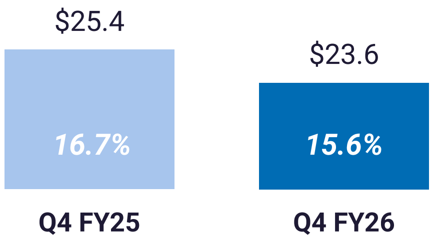
FY 2026 Sales by Product



($ in millions)

Gross Margin Expansion in FY2026

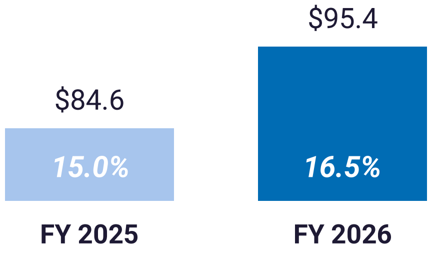
Gross Profit & Margin (QTR)



Q4 FY26 gross margin down 110 basis points y/y

- \+ $0.9 million lower tariff costs
- \+ $0.8 million in restructuring savings
- − $1.9 million FX headwind
- − $1.4 million in cost of quality
- − $1.3 million reduced tooling gains

Gross Profit & Margin (FY)



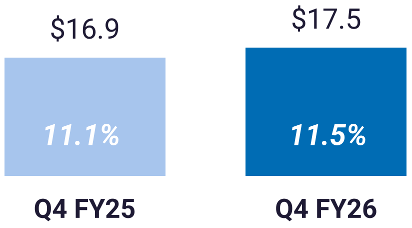
FY 2026 gross margin expanded 150 basis points

- \+ $9.5 million in pricing, including tariff recoveries, and higher production volume
- \+ $5.4 million in restructuring savings, partially offset by $1.8 million in higher labor costs in Mexico
- − $6.5 million FX headwind

($ in millions)

Managing SAE & Investing in Talent

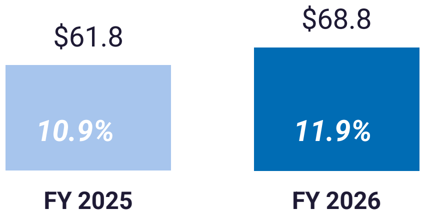
SAE[1] & % of Sales (Qtr)



Q4 FY26 SAE expenses increased $0.6 million y/y to 11.5% of sales

- $1.6 million increase in business transformation and executive transition costs
- $0.4 million increase in salaries and benefits
- Partially offset by $1.0 million lower bonus provision and $0.7 million reduction in engineering and professional fees

SAE & % of Sales (FY)



FY 2026 SAE expenses increased $7.0 million to 11.9% of sales

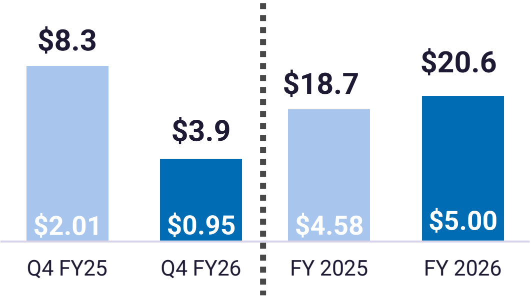
- $3.3 million increase in salaries and benefits
- $2.8 million incremental spend from business transformation, restructuring and executive transition costs y/y
- Partially offset by $0.5 million restructuring savings and $0.7 million recovery of costs related to cancelled EV programs

(1) Selling, administrative and engineering expenses

($ in millions except earnings per share data)

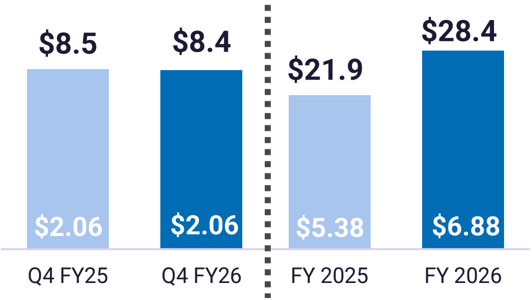
Enhanced Earnings Power

NET INCOME[1] (QTR & FY)



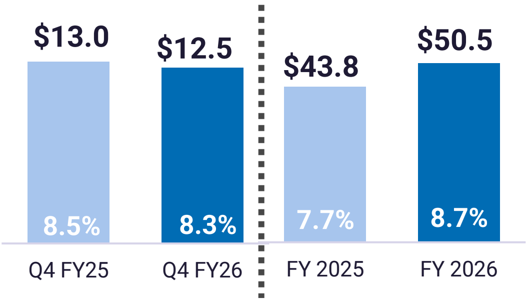
- FY26 Q4 impacted by incremental business transformation and executive transition costs and $2.9 million discrete tax adjustments
- FY26 had $4.8 million negative FX impact

ADJ. NET INCOME[2] (QTR & FY)



- FY 26 Adj. diluted EPS the result of pricing, volume, reduction in manufacturing costs

ADJ. EBITDA[2] (QTR & FY)



- Adj. EBITDA margin contracted in the quarter due to changes in FX
- FY26 adjusted EBITDA increased 15% and 100 bps

[1] *Net Income Attributable to Strattec*
[2] *Adjusted Net Income Attributable to Strattec, Adjusted Diluted Earnings per Share, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP metrics. Refer to the reconciliation of GAAP to non-GAAP metrics in the supplemental tables of this presentation.*

($ in millions)

Strong Cash Generation & Capital Flexibility

CASH FLOW

	Q4 FY 2026	Q4 FY 2025	FY 2026	FY 2025
Cash from operations	$ 9.7	$ 30.2	$ 46.3	$ 71.7
Capital Expenditures	(1.4)	(3.0)	(7.3)	(7.2)
Free cash flow (FCF)(1)	**$ 8.3**	**$ 27.2**	**$ 39.0**	**$ 64.5**

CASH AND DEBT

	June 28, 2026	June 29, 2025
Cash and cash equivalents	$ 108.2	$ 84.6
Total debt	0.0	8.0

Cash Generation:

- Lower cash from operations reflects one-time benefit in fiscal 2025 to reset working capital levels
- 28% higher cash balance y/y from strong cash earnings and working capital management

Capital Priorities: cash position supports strategy

1. Fund customer programs, automation and modernization
2. Maintain resilience through automotive cycles
3. Return capital through opportunistic share repurchases
4. Pursue disciplined M&A strategy to scale and diversify

(1) *Free cash flow is a non-GAAP metric defined as cash flow from operations less capital expenditures (CapEx)*

OUTLOOK:

Expect Continued Improvement in Operations and Solid Cash Generation Against Declining Market Demand

(as of August 25, 2026)

Revenue

- Industry projections show 2% decline in NA auto production with Detroit 3 down nearly 6%
- Expect FY 2027 revenue to trend industry production of customers and platforms with typical seasonality in Q2

Gross Margin

- Challenged with FX and lower volume in FY27 while working to offset with transformation actions
- Continuing to target 18% to 20% margins over next few years (assumes average 5-year peso)

SAE

- Given planned investments expect to continue to run at 11% to 12% of revenue excluding unusual items
- Longer term objective is SAE at 10% to 11% of sales

Cash Generation

- Expect normalized run rate of ~$10 million +/- per quarter

Our Vision :

To be the most trusted, global leader in safe and secure access solutions for the automotive and mobility industries by creating the ultimate access experience for consumers.

Q4 FY2026
Financial Results

Supplemental Slides

www.strattec.com

Reconciliation of GAAP to Non-GAAP Financial Measures

($ in thousands)

	Fiscal 2025					Fiscal 2026				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
NET SALES:										
Net Sales (GAAP)	$ 139,052	$ 129,919	$ 144,082	$ 152,013	$ 565,066	$ 152,399	$ 137,534	$ 137,632	$ 151,827	$ 579,392
ADJUSTED EBITDA:										
Net income attributable to Strattec (GAAP)	$ 3,703	$ 1,319	$ 5,396	$ 8,267	$ 18,685	$ 8,529	$ 4,947	$ 3,240	$ 3,882	$ 20,598
Net income (loss) attributable to non-controlling interest	45	79	315	(205)	234	8	696	585	(264)	1,025
Income tax expense	1,498	405	1,644	2,170	5,717	2,356	1,699	1,282	6,002	11,339
Other (income) expense, net	(129)	482	16	(1,189)	(820)	275	(1,691)	748	(2,630)	(3,298)
Interest income	(349)	(408)	(529)	(753)	(2,039)	(877)	(885)	(879)	(859)	(3,500)
Interest expense	295	257	243	212	1,007	156	96	70	37	359
Income from operations	5,063	2,134	7,085	8,502	22,784	10,447	4,862	5,046	6,168	26,523
Adjustments:										
Depreciation	3,662	3,544	3,746	3,812	$ 14,764	3,785	3,893	3,772	3,635	$ 15,085
Non-cash stock-based compensation	188	891	760	887	2,726	669	1,125	811	700	3,305
Restructuring and similar charges	-	265	809	(676)	398	-	1,305	424	(30)	1,699
Cancelled program settlements	-	-	-	-	-	-	-	(1,323)	-	(1,323)
Executive transition costs	941	921	214	(17)	2,058	136	88	423	240	887
Business transformation costs	74	215	259	479	1,027	514	994	960	1,824	4,292
	4,865	5,836	5,788	4,485	20,974	5,104	7,405	5,067	6,369	23,945
Adjusted EBITDA (Non-GAAP)	$ 9,928	$ 7,970	$ 12,873	$ 12,987	$ 43,758	$ 15,551	$ 12,267	$ 10,113	$ 12,537	$ 50,468
Adjusted EBITDA as a % of Net Sales	7.1%	6.1%	8.9%	8.5%	7.7%	10.2%	8.9%	7.3%	8.3%	8.7%

Reconciliation of GAAP to Non-GAAP Financial Measures

($ in thousands, except per share data)

	Fiscal 2025					Fiscal 2026				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
ADJUSTED NET INCOME AND EARNINGS PER SHARE:										
Net income attributable to Strattec (GAAP)	$ 3,703	$ 1,319	$ 5,396	$ 8,267	$ 18,685	$ 8,529	$ 4,947	$ 3,240	$ 3,882	$ 20,598
Adjustments:										
Restructuring and similar charges	-	265	809	(676)	398	570	1,165	572	49	2,356
Cancelled program settlements	-	-	-	-	-	-	-	(1,323)	-	(1,323)
Executive transition costs	1,224	1,225	214	115	2,778	136	88	423	240	887
Business transformation costs	74	215	259	479	1,027	514	994	960	1,824	4,292
Non-controlling interest impact	-	-	(160)	160	-	(196)	190	(9)	28	13
Tax effect on above adjustments and other discrete tax items	(292)	(384)	(376)	107	(945)	(383)	(335)	(139)	2,388	1,531
	1,006	1,321	746	185	3,258	641	2,102	484	4,529	7,756
Adjusted Net Income attributable to Strattec (Non-GAAP)	$ 4,709	$ 2,640	$ 6,142	$ 8,452	$ 21,943	$ 9,170	$ 7,049	$ 3,724	$ 8,411	$ 28,354
Weighted Average Basic Shares Outstanding	4,005	4,035	4,039	4,039	4,030	4,054	4,080	4,085	4,035	4,064
Weighted Average Diluted Shares Outstanding	4,046	4,070	4,085	4,105	4,076	4,127	4,131	4,141	4,091	4,122
Diluted earnings per share (GAAP)	$ 0.92	$ 0.32	$ 1.32	$ 2.01	$ 4.58	$ 2.07	$ 1.20	$ 0.78	$ 0.95	$ 5.00
Adjusted dilutive earnings per share (Non-GAAP)	$ 1.16	$ 0.65	$ 1.50	$ 2.06	$ 5.38	$ 2.22	$ 1.71	$ 0.90	$ 2.06	$ 6.88

Strattec

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Strattec:

The Access Engine